

BILL ANALYSIS

C.S.H.B. 1706
By: Perez
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Some insurance carriers, including surplus lines insurers who are not regulated by the state, restrict a policyholder's ability to hire a public insurance adjuster to assist in negotiating a claim yet preserve their own ability to send a licensed adjuster to inspect the claim. This is unfair to consumers and business owners, who may not realize this restriction is in their insurance policy. C.S.H.B. 1706 seeks to address this issue and level the playing field by establishing an insured's right to hire a public insurance adjuster, if desired, under a commercial or residential property insurance policy in Texas.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1706 amends the Insurance Code to establish the right of an insured to enter into a contract with a licensed public insurance adjuster to help the insured meet their obligations under their insurance policy. The bill prohibits an insurance policy issued in Texas from impeding or prohibiting this right and establishes that an insured is not required to enter into such a contract. These provisions apply to a commercial or residential property insurance policy issued by an insurer, including the following:

- a capital stock insurance company;
- a mutual insurance company;
- a county mutual insurance company;
- a Lloyd's plan;
- a reciprocal or interinsurance exchange;
- a farm mutual insurance company; and
- an eligible surplus lines insurer if Texas is the insured's home state.

These provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2024.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1706 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision that was not in the introduced making the bill's provisions applicable to a commercial or residential property insurance policy issued by an insurer, including certain insurers that would be exempt if not expressly specified.